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THE ADJUSTMENT OF THE FARM BUSINESS TO DECLINING PRICE LEVELS.¹

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The present situation, relative to the prices of farm products, is recognized by all thoughtful people as discouraging, and in some instances disastrous. In the first instance the farmer is bound to suffer and in the end all who produce for the thirty-five million farm folk are bound to feel the effect of the farm's declining purchasing power.

It does not appear that the present agricultural situation is entirely without precedent. One hundred years ago England was an agricultural country, and her farmers produced nearly all the products consumed in the country. The Napoleonic Wars, 1793-1815, were for British land owners and farmers a time of great prosperity. Rents increased greatly; men of intelligence, enterprise and money were attracted to the land; long leases were made; land rose in value and was eagerly bought at high prices by farmers. The speculator and land jobber also came into the market. But the twenty years that followed the end of the war were a period of hardships to the land owners and farmers. The high rents and long leases became very burdensome to renters, and the promise of "Peace and Plenty" proved a delusion so far as the farmer was concerned.

The same wars affected the agriculture of this country. They caused a great demand for our agricultural products. Prices rose in 1793-94 and remained high for the most of the time until after the close of our war with England, 1812-1815. In fact prices remained

¹ Paper read at the eleventh annual meeting of the American Farm Economic Association, December, 1920.

high until in 1817. A panic followed, prices fell very rapidly and reached a very low point. In a memorial to Congress the farmers of Virginia said:

War is an unnatural and calamitous state; its evils must be felt sooner or later, and not less severely by being deferred. The transition from war to peace was sudden, and found us, like the rest of the world, unprepared. But we can bear bravely the penalty of our own improvidence, convinced that our disasters will be but temporary, and recollecting that they were preceded by twenty years of almost uninterrupted prosperity.

Our farmers had the same round of experiences in the time of the Civil War and after. Someone writing in 1864 points out that

There must be something radically wrong with the farmer that does not free himself from debt. Never in the lifetime of the present generation will such another opportunity present itself.

A land boom followed. In Orleans County, New York, it was said that farms changed hands at higher prices than had ever before been paid for similar farms. The *Country Gentleman*, 1865-66, contained many notices of farms in New York sold at high prices. In February of 1866 the *Prairie Farmer* stated the outlook as follows:

Now that the war is over, and thousands who have returned, must depend upon their own exertions for their support, the case would seem somewhat changed. Farm products, the first to feel a change have greatly depreciated in value, and it is entirely beyond the power of the farmer to pay the wages that have recently been obtained. The long and short of it is: the proprietor finds himself obliged to figure pretty closely if he is to make ends meet, in this year, 1866.

Thus, history teaches us that wars inevitably cause inflation of prices. The prices of farm products rose to high points during the late war and after the war. The high prices were in part owing to inflation of our currency and in part to the relatively high demand for all commodities. The prices of farm products were above the average of all prices most of the time because of the great war demand for food and clothing. This was especially marked through 1917 and 1918. The regular currents of trade were disturbed and the United States happened to be in an advantageous position for marketing her products in Europe. Russia, which, under normal conditions, supplies Europe and other countries great quantities of wheat, has been out of the market. Owing to scarcity of shipping, agricultural products did not move freely from Australia and New Zealand to Europe, and supplies accumulated during the war to be shipped when shipping became available for carrying freight.

Prices dropped slightly after the Armistice was signed, but within a few months turned upwards again, reaching the highest point in May, 1920. From the end of the war to May, 1920, the index number of farm prices for farm crops remained relatively higher than the index number of all prices, but the average level of farm prices for live stock products dropped below the general price level in the autumn of 1919 and pulled down the average price level for all farm products. The break in the prices of the staple crops, such as wheat and cotton and corn, has been none the less severe because of its later arrival.

Sheep and wool prices increased rapidly during the war and sheep growers are suffering because of the entire collapse of the wool market. The cotton farmer, the corn farmer, and the wheat farmer have all suffered greatly. The wheat farmers who threshed early in the summer of 1920 and sold at once have not suffered. The corn farmer still may hope to realize on his corn something more than the market price by feeding it, but the cotton farmer has but one outlet for the American surplus, and that is Europe, where the purchasing power is much reduced.

In the main, the sudden collapse of the market for farm products can be said to be due to under consumption rather than over production. The great system of international exchange, which was based upon exchange of products before the war, and upon credit during the war, must get back upon a production basis. Without some credit system to carry a part of the load while Europe is getting her production under way it is likely that much of the international commerce of the world will collapse and have to be rebuilt through decades of laborious readjustment before the demand of foreign countries for our products will return to its old normal. In the meantime, American farmers may have to consider more and more depending upon the "home market."

Not only has the farmer's market collapsed with the withdrawal of credit in the period of reconstruction but his costs of operation and of living still remain relatively high. Many of the things which farmers buy have not been reduced in price, or at least not in the same proportion as the prices of their products. The question, therefore, arises, "What can the farmers do to meet this situation?"

The first thing which suggests itself to the farmer is the curtailment of expenses in every feasible way, even if this means a considerable slowing up in production. To the extent that the farmer has land, equipment, and labor of his own, he finds no motive for slowing

up his production but rather looks to a maximum profit in operation. But to the extent that labor is to be hired, new machinery and other equipment purchased, or land rented for a fixed rental, the reduction of cash outlay to the minimum to avoid production costs which will exceed selling prices is sure to result in the slowing up of agricultural production.

If the prices of farm machinery were to drop to the pre-war level, by the time the farmer needs machines for the next crop this occasion of slowing up would be removed, but in the absence of this reduction every farmer will find it to his interest to give special attention this winter to repairing old machinery. In many cases the dealers may not have the repairs, but machinery manufacturers are now urging the buying of repairs during the slack period of the winter. Hearty coöperation on the part of dealers in this should be expected, although the price of repairs will need to decline appreciably, before they will correspond in price with what the farmers have to sell. In the matter of prices of new machinery certain manufacturers seem full of confidence that the prices will not come down in the near future. A publication which purports to represent the machinery manufacturers' interest scouts the idea that manufacturers should be expected to take a loss because of the readjustment. It is claimed that forces over which they have no control are keeping up their manufacturing costs. This is, in a measure, true of the farmers' costs but the farmer has not found that he could, for this reason, keep his prices up. Either the machinery manufacturers must absorb some of the loss due to deflation or the farmers will have all the more to carry if they continue to buy machinery.

The policy of making repairs can be carried out successfully with small expense by the farmer who knows how to make repairs. The farmer who has less skill and judgment in repairing machinery should first call in his neighbor to help him, resorting to the high priced city machinist for a minimum of repairs.

My attention was once called to a grain binder which had been run for nine years and had cut about 200 acres of grain and timothy each year. It was in bad condition and the owner was ready to take \$25 for it in trade for a new one when the boy on the farm said "Let me try to fix it." "Go ahead," was the father's reply, "but before you spend the price of a new machine for repairs let me know what you are doing." The boy went to work. He found several parts in the binder badly worn. Not wanting to ask his father to buy these parts new he went to a farmer three miles away who had discarded a binder

of the same make and asked to see the old machine. Upon inspection he found the parts which he needed were in good condition. For a small sum he bought the old binder, which the farmer looked upon as junk, took it home and found in it every repair needed for putting his father's binder in good order. At the end of two days the old machine had been put in excellent repair so that it not only went safely through the harvest of that year but was counted a good machine three years later.

Last September a young farmer in southern Wisconsin pulled the corn binder out of the shed and placed it under a shade tree near the road to look it over and make repairs. He was the new tenant on the farm and had received the corn binder from the previous tenant at a very small figure. He had scarcely commenced looking the machine over when a passing neighbor stopped to tell him that the corn binder was worse than junk, that parts of it were scattered all over the farm and that no one could cut corn with it. The young farmer happened to be of the right sort and simply jollied back, replying that he liked junk—that any one could cut corn with a good machine but he was in the game to show them how well a piece of junk will work in good hands. About \$7 worth of chains and sprockets were purchased. One large sprocket was broken and could not be replaced, so he took it to town and had it acetylene-welded. This all took about three days' time when no other work was pressing. The machine cut all his corn, was used to help cut the neighbor's crop, helped to give the young man a standing in the community and is looked upon by the owner and by the neighborhood as a good machine.

The rapid fall in the price of farm products will doubtless lead many farmers to take a third thought before responding to the strong advertising campaign for changing from horse to mechanical power on the farm. Horses and horse feed are cheap. Power machinery, fuel oil, lubricating oil and repairs will need to be reduced very materially before they can again compete on the same basis they did a year ago. Last summer a tractor salesman offered to sell a light tractor for six hundred bushels of corn, when corn was worth \$1.75 a bushel. When he returned recently to make further efforts to close a deal, the farmer told him he would give him six hundred bushels of corn for the tractor but he would not give him anything in cash. The tractor agent could not realize over \$300 for the corn at the later date though at the earlier date it was worth more than \$1000. This illustrates how the purchasing power of farm products has fallen and will impress upon the farmer the desirability of producing his own power until the price of mechanical power is greatly reduced.

It is entirely probable that the farm wage question will adjust itself by spring. The lack of employment in the cities at the present time will probably result in the wage scale for farm labor dropping back to the pre-war level before many of the contracts are made for the season of 1921. Where this does not come easily, some system of sliding scale wages, based upon the price of the staple products of the farm, would seem to be a means of arriving at a just wage for labor. For example, if the wages of a dairy hand were \$30 and his board before the war, where the average price of milk for the year was \$1.50 per hundred, and if the wages of this same hand went to \$60 and board when milk averaged \$3.00 at the farm, the rate for the coming year should bear the same ratio to the price of milk that it did at these previous dates. This would mean that the farmer would contract to pay per month 20 times the average price of milk per hundred, in addition to board. If milk averages \$2.00 per hundred pounds, this will mean a cash wage of \$40 per month.

Another adjustment which may come too slowly, is that of the amount of cash rent paid for the use of land. There are men in the Corn Belt who have contracted to pay as high as \$18 per acre cash rent for farms. They simply cannot continue to operate and pay this rent out of the proceeds of the farm at present prices. Under the lien system the landlord can take the whole crop and all of the tenant's equipment, but that does not help even the landlord's situation, for a tenant is needed next year. The solution of this situation is to contract to pay a fixed number of bushels of specific kinds of grain as rent, or change the lease to a share-rent basis. In either case the result is to let the land owner share the risk of falling prices and benefit from a rise in prices—if such a thing can be mentioned seriously at this time when hope stands on one leg, because, while the desire is strong, expectation is lacking.

The farmer who is worst hit is the one who bought a farm during the past year and contracted to pay a price based upon the war prices of products. In many instances tenant farmers have been eager to purchase land and have paid down but a few thousand dollars on a farm and contracted to pay from thirty to fifty thousand dollars with interest within the next ten years. In many cases the interest and taxes will be far more than the farmer can pay from the farm earnings. The result is inevitable. The farm may suffer but little, but the more important asset of the nation, the farmer and his family, is in danger of financial ruin just at the end of what looked like a period of prosperity. This will give an unfortunate back-set to landowner-

ship on the part of farmers and aggravate an already serious tenant problem.

Thus far the discussion has been confined to the problems of farm operators as they relate to the production for the market. Another method of curtailing expenses is to produce more for home consumption in order to reduce so far as practicable the cash outlay for food. The orchard, the garden, the poultry yard and the feed lot can be made to produce many good things to eat for which we have in recent years substituted purchased foods. Many farmers now see the wisdom of returning to the production of more home supplies, even if this does mean smaller quantities of products for the market.

In order that the retrenchments necessitated by the fall in prices of farm products may not result in a backward turn in the improvement of the standard of living in the country, new emphasis should be laid not only upon the production of fruit, vegetables and meats for home consumption, but also upon the desirability at this time of giving more than usual attention to improving the lawn, and planting flowers and shrubs and trees which will beautify the home surroundings and add greatly to the joy of living without demanding any appreciable outlay in money. With high priced staples demanding attention, it has been easy to neglect these simple means of deriving direct satisfaction, and in making the drive for food with which to win the war—and, incidentally, the cash income which seemed to be coming so freely,—we have been prone to forget that the environment of the farm home has a value of its own. With lower prices the farmer and his family will find it especially worth while to give more thought to these direct satisfactions and less to those forms of satisfaction for which a cash outlay must be made.

Another line of activity which should receive increased attention is the improvement of the social life of the community. It may be that in recent years many have spent more money than of old in driving considerable distances to enjoy the attractions of the city. This practice tends to discourage the local community life. Now is the time to revive social activities of the neighborhood and develop in the farmers' club the forms of entertainment which are wholesome. While these activities require considerable work on the part of the leaders and some effort and time on the part of every one, they yield a large measure of satisfaction with a small outlay of money.

The means thus far suggested for meeting the present situation point toward things the farmer may do on the farm and in the home. This is a day of collective action or coöperation on the part of farmers, and it is not to be expected that a bad marketing situation is to

be faced without action on the part of farmers. Coöperation among farmers has usually had its start in some difficulty or another in the marketing of their products. How effective coöperation will be in solving the present problem depends on whether the difficulty lies in the earlier stages of the marketing process or in the lack of purchasing power on the part of would-be consumers. There is doubtless chance for the improvement and the cheapening of the marketing process which will in some measure relieve the situation. Even in this matter, which has always received hearty approval in normal times, farmers should now move with caution. Warehouses are now expensive to build and will doubtless depreciate rapidly as deflation goes on. It is much easier to make dividends on a rising than on a falling market. With due caution, however, this is an opportune time for the promotion of coöperation.

Thus far the subject of readjustment has been discussed from the standpoint of the farmer looking out for his own interest. It is obvious, I believe, that the conservative policy which has been indicated will temporarily serve the best interest of the farmer on the condition that the prices of his products remain low and there is not immediately a corresponding fall in the prices of things other than farm products.

It must be clear that if farmers take this logical step and slow up their buying upon the market the result will be to slow up other industries, and the trade in all forms of products. When the subject is viewed from the national point of view it seems unfortunate that farmers may be forced to retrench in order to meet the emergency. It would seem that there should be some other way out. If there were some way of bringing the prices of all forms of products down together, or some way of keeping the prices of all products at a proper ratio whether they go up or down, the result would be wholesome in that our whole national economy might then go ahead with but slight readjustment on the condition of course that our foreign markets absorb our surpluses as they have in the past.

One of two things is all but sure to happen in the near future. Either an association or league of nations will form the basis of a world economy of which we are a part, or else the United States will find it desirable to embrace a policy of national economy which will involve the giving of less thought to foreign trade and more attention to the production for ourselves of all the necessities of life and of warfare. Whether the world conditions are such as to facilitate a world economy or to necessitate a national economy, the American farmer is now in a state of mind to demand protection in the home

market for his products. If we are now to enter upon a period of agricultural protection similar to that in England known as the "Corn Laws" following the Napoleonic Wars, we should study with care the English experience.

Never has there been a time when the right solution of farm economic questions was more important than today. The problems of farm organization, land tenure, farm finance, marketing, country life, and a national agricultural policy, demand the attention of the keenest minds and the best judgment the world can afford. It is the duty of the men of the American Farm Economic Association to take the lead in the solution of these problems. If we sit by calmly studying the phenomena in a cold scientific way and fail to aid those who are demanding action, we will deserve to be called sterile. It is only as the results of scientific work make themselves felt in a better life that science is justified. The closest relations should exist at this time between the workers in the field of farm economics and the leaders of organized agriculture.

ASSOCIATION DUES.

The annual dues for membership in the American Farm Economic Association should be sent to J. I. Falconer, Secretary-Treasurer, College of Agriculture, Columbus, Ohio. The membership dues are two dollars per year. This amount includes subscription to the JOURNAL OF FARM ECONOMICS.

THE FARM LABOR PROBLEM.¹

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For many years we have been conscious of a serious farm labor problem in the United States. To the farmer, this farm labor problem has consisted of serious and persistent difficulty, and often increasing difficulty, in securing an adequate supply of labor competent to do farm work.

From the public's point of view the farm labor problem seems to consist of a labor supply so limited as to restrict production, and threaten our rapidly increasing urban population with serious shortages of food and raw materials. Higher prices and deficient supplies are the bugaboos which the farm labor shortage conjure before the eyes of the city population.

To the farm laborer, the farm labor problem has seemed to consist in the relative undesirability of farm work as a means of livelihood. The demand of farmers for help is highly seasonal, and fully nine tenths of the farm laborers can not count on steady work throughout the year. A large percentage of those offered work through the winter must accept wages 50 to 75 per cent. lower than they received during the summer. To all intents and purposes, they must work for their board. *Irregularity of employment* is the first disadvantage of farm work from the hand's point of view.

The second is low wages. In many sections of the country the wages offered farm hands during the busy seasons have been lower, or appeared to be lower, than those paid in nearby city employments. Hundreds of farmers have told the speaker that agriculture can not pay as high wages as manufacturers, because the manufacturer after knowing what his production costs, can fix his selling prices accordingly; while the farmer, after paying his production costs long before he sells his product, must sell at a market price fixed by outside forces over which he has no control. Therefore his only margin of safety consists of keeping his wage costs down in anticipation of falling prices. I know of one Kansas farmer who sold 33,000 bushels of

¹ Address given at the Eleventh Annual Meeting of the American Farm Economic Association, December, 1920.

wheat at \$2.20; some of his neighbors who paid the same harvest wage that he did may have to sell their wheat at less than half of that price. It is such phenomena that the farmer has in mind, and he does not realize that urban employers are, at least to a considerable extent, exposed to the same market forces. There is room for much argument over this explanation of the low wages in agriculture, but whatever the reason, the fact remains that farming does not appear to most wage earners to be remunerative occupation, especially when the winter idleness is considered.

The *third important disadvantage* in farm work from the laborer's point of view is that the vast majority of farm hands must remain single. A factory hand or store clerk can have a wife and family; to the typical farm hand normal living is denied. He may live in the midst of other men's families, but not in the midst of his own. Irregular employment, relatively low wages, and lack of opportunity to have a home are the three great limitations of farm work from a wage earner's point of view.

The lure of the city's bright lights, the fascination of the teeming city streets, and the desire for adventure in new places and strange occupations are forces outside of the farming industry which help drain labor from the farms, but let us never forget that farm labor as an occupation does not appear to be as desirable as many other occupations, and that these outside attractive forces simply reinforce the expulsive force within the occupation itself.

There is another point which should probably be mentioned in this connection. Thousands of men have reached the conclusion that the opportunity which formerly obtained through homesteading and tenancy on cheap land to rise from the status of farm laborer to that of farm owner no longer exists. In other words, they believe that the farm laborer no longer has opportunity for self advancement. They contend that it is becoming as impossible for a farm hand to become a farmer as for a steel-mill employe to become owner of a mill. The initial investment and going capital that are needed for farm operation are beyond his attainment through savings from a laborer's wages. When men reach this conclusion, their alternative is apparent. Either they will leave the occupation and seek some other which appears to them to offer better opportunities, or they will join with their fellows in labor organizations to wrest from their employers the best livelihoods possible. When the opportunity to rise from the status of farm laborer to that of farm owner disappears to such an extent that only the exceptional man can acquire a farm, the

alignment of organized employers and organized employees against each other may be as inevitable in agriculture as in urban employments. I do not think that the situation is at present just as these laborers think it is, but there is a measure of truth in their position, and the alignment into organized groups for collective bargaining over wages and working conditions has already begun. In the central grain belt it will go farther next year, at least on the employers' side, than ever before.

There can be no doubt concerning the reality of the farm labor problem. The farmer has had difficulty in securing enough labor, and he has had difficulty in securing competent labor. Moreover, the shortage of farm labor, *i.e.*, labor that works regularly on farms, is most acute in those states where manufactures are most developed. The rise of urban industries seeking larger supplies of labor competes with nearby agricultural districts for their labor supplies, and the city too frequently wins. The middle west, and the more purely agricultural states in the south and west, appear to have less difficulty than the states east of Chicago and north of the Ohio River in this respect. But even in the middle west and far west and in the south, farmers complain continuously of the difficulty in getting month hands. The presence of urban population is frequently an advantage, however, in harvest seasons. Many fruit, tobacco, grain and other harvest demands are regularly filled in part by workers who go out to the farms for a few weeks from nearby cities.

There are three propositions relative to farm labor which will be presented for consideration in this paper. First, that the farm labor problem is inextricably entangled with the balance of the labor problems of the country.

Second, that the farm labor problem includes within itself as many detailed labor problems as manufactures and commerce.

Third, that the time has come when those interested in farm management must give the same detailed study to the problems of individual and social management that are connected with farm labor as manufacturers and others are now giving to the various aspects of the urban labor problem.

1. The farm labor problem is entangled with the urban labor problem.

(a) Farming is a seasonal industry. Many of the men who work on farms part of the year work at lumbering, railroad work, in factories, restaurants, stores and various other occupations at other times in the year. Some of them will work for years at a time in non-agricultural industries and then go back on the farm for a time.

Farming and the other industries draw upon and compete for the same labor supply. Some men work entirely in city industries. Some never do anything but farm work. But between these extremes are tens of thousands who shift back and forth from industry to agriculture and agriculture to industry. They constitute the fluid farm labor supply.

(b) The fact that farm and city industries tap the same labor supply brings farm wages and working conditions into comparison with those in the cities and industrial camps. I have often sat among a group of men who work intermittently in agriculture and listened to their discussions on these points. The wages plus board and lodging on the farm were compared with the wages and cost of living in specific city occupations open to the particular group. In similar manner the probable duration of each job, the prospects of finding other work at its termination, the quality of the living accommodations, were brought into question.

(c) In the third place, the men who work part of the time in non-agricultural occupations do not change their psychology when they go back on the farms. They carry with them their attitudes toward employers, labor organizations, quitting without notice, and other personal relations with "the boss." The tendency to bring these industrial concepts of the relation between employer and employee into agriculture has been accentuated in recent years by the rising standard of living on the farm. Old farm hands complain that they are not taken into the farmer's family as they used to be, that the farmer is getting "capitalist notions," and that they "are not good enough" to be treated as equals any more. While this change of personal relationship has probably not occurred on the majority of farms, it is subtly but surely occurring, and will tend to bring the farm labor problem closer in type to the urban labor problem.

Farm labor, I believe, must be studied in its relations to urban labor phenomena, and both the interrelations, similarities, and contrasts between farm and urban wage working must be analyzed. The effort to treat the farm labor problem as a distinct entity will yield few results of practical value.

2. My second general point was that farm labor conditions present many of the same specific problems as urban labor conditions. Farming has its problem of (1) unemployment, irregular employment, and under-employment; (2) of defective labor distribution, which results in labor being congested in a district which cannot use it, while some other district is short of men; (3) of wages, for annual, month and

harvest season work; of competition with the wages of other industries, of the relation of wages to prices, of methods of paying wages, and of the utilization of wages to secure and hold labor supplies; (4) of hours of labor, overtime and Sunday work; (5) of labor organization in agriculture and of farmers' organizations to deal with labor; (6) of labor legislation; (7) of stabilizing employment throughout the year; (8) of labor turnover; (9) of woman and child labor; (10) of housing and living conditions; (11) of providing opportunity for farm workers to maintain homes and earn their living in agriculture as dependably as in a flour mill, if farming is unable to do its work without a regular class of hired labor.

Other specific subdivisions of the farm labor problem which should be given as intensive study as the same questions are being given in connection with city employments might be mentioned. Perhaps all of them center in one way or another in the question: Are we going to create, is it wise and is it necessary to create, in America, an agricultural proletariat, and if such a group is created, what is going to be the social, economic, political and domestic status of that group? One of the main reasons why we are short of farm labor, is the fact that thus far Americans who have had to earn their living by day labor have shunned membership in a celibate agricultural proletariat and have joined the industrial wage earning group of the cities. There are signs which suggest that such a permanent class of agricultural laborers is in process of formation, though the evidence is not conclusive. It is time that the question received careful investigation.

The third general point was that the farm labor problem should be studied as a problem of management, both individual and social. "Is there really a farm labor problem?" a prominent New York apple grower said to me a couple of months ago; "I have 400 acres under cultivation, and we never have any difficulty in getting or keeping farm labor." A little questioning elicited the facts that there were five tenant houses on that farm for married farm hands; that these farm hands drew an annual salary which, with their gardens, cows, etc., made a very comfortable living; that in dull seasons they were given vacations and at the end of the year a bonus, and in general treated according to the best practices in labor management to be found in urban industries. I found a farmer in North Dakota last summer who went through a 29-day run of threshing with a crew of 24 men without losing a single man during the run. Labor turnover occurred in all of his neighbor's crews, however.

The farmer and those interested in farm management have a

large field of opportunity in the study of methods of making farm work more attractive to the worker and more profitable both to the farmer and his men. For mutual profit is what results from better management.

FARM MANAGEMENT ACTIVITIES OF COUNTY AGENTS.

The following questions and answers represent a summary of farm management work taken from the county agents' annual reports for 1920 in the 33 Northern and Western States. The first column of figures indicates the number of county agents reporting on each question, and the second column gives the total figure for all counties.

Number County Agents Reporting.		Total Number.
848	Farm account books distributed.....	71,642
411	Farmers keeping such accounts through the year.....	19,829
441	Farmers assisted in summarizing and interpreting their accounts	11,007
209	Farmers making changes in their business as result of keeping accounts	3,213
344	Other farmers adopting cropping, live-stock, or complete farming systems according to recommendations.....	7,725
613	Farms on which buildings other than homes were con- structed or remodeled according to plans furnished....	4,119
307	Farm leases drawn or modified.....	1,232
791	Farm laborers supplied through agent or farm bureau..	101,400
878	Farmers assisted in securing tractors, sprayers, ditching machines, or other machinery to economize labor.....	6,441
110	Farm Loan Associations agent assisted in organizing....	144
28	Other credit associations agent assisted in organizing....	76
117	Farmers involved in the two previous questions.....	7,586

It should be noted that there was a total of about 1,150 county agents employed but that only a part of the agents reported on each question due either to having done no work along the line indicated or because data were not available with which to answer the question. In many states bankers are now coöperating by distributing farm account books free to farmers. The total number of books distributed from these two sources is far in excess of that reported by county agents.

H. C. M. CASE.

DISCUSSION RELATING TO INWARD AND OUTWARD MOVEMENT OF AGRICULTURISTS.¹

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TABLE I.—*Inward and outward movement of alien agriculturists during the
years 1913 to 1920, incl.*

Year.	Inward			Outward.			Gain.	
	Farm Laborers.	Farmers.	Total.	Farm Laborers.	Farmers.	Total.		
1913.....	368,718	18,377	387,095	34,491	14,878	49,369	337,726	
1914.....	314,305	19,120	333,425	22,428	17,749	40,177	293,248	
1915.....	29,247	9,215	38,462	6,389	9,094	15,483	22,979	
1916.....	29,141	9,113	38,254	3,604	7,732	11,336	26,918	
1917.....	25,271	10,228	35,499	3,588	7,463	11,051	24,448	
1918.....	6,543	5,108	11,651	1,464	6,836	8,300	3,351	
1919.....	7,448	7,088	14,536	1,015	6,123	7,138	7,398	
1920.....	42,686	17,770	60,456	12,197	16,616	28,813	31,643	
Total.....	823,359	96,019	919,378	85,176	86,491	171,667	747,711	
Mexican agricultural laborers admitted under Departmental exceptions during the fiscal years 1917-18-19.....			23,375	Mexican agricultural laborers departed during fiscal years 1917-18-19.....			13,620	9,755
Grand total.....			942,753				185,287	757,466

Table I shows the total alien movement of this class during the fiscal years 1913 to 1920, inclusive. These figures, as well as those given in other tables, have been taken from the records of the Bureau of Immigration of the Department of Labor, and are interesting, chiefly, in that they show the arrival of thousands who followed agricultural pursuits in their native countries and who should be available for such work here. But, as a matter of fact, comparatively few of those giving their occupation as farmers or farm laborers at the time of their arrival take up such work in this country. Any estimate as to the number who do so would be a mere guess, but probably not over five per cent.

During the years 1913 and 1914 there arrived through our various ports a total of 720,520 farmers and farm laborers, which figure rep-

¹ Remarks pertaining to The Farm Labor Problem given at the Eleventh Annual Meeting of the American Farm Economic Association, December, 1920.

resents more than fifty percent of all male arrivals between the ages of 16 and 45 years. During the next six years there arrived but 198,858 persons representing themselves to be agriculturists, and the percent, omitting Mexicans imported specifically for farm work, dropped from above fifty to about sixteen. During these eight years there departed from the United States a total of 185,287 alien resident farmers and farm laborers, leaving an apparent net gain of 757,466, had all taken up agricultural work.

TABLE II.—*Total alien immigration and emigration during the period, 1913 to 1920.*

Year.	Inward.	Outward.	Gain.
1913.....	1,427,227	611,924	815,303
1914.....	1,403,081	633,805	769,276
1915.....	434,244	384,174	50,070
1916.....	366,748	240,807	125,941
1917.....	362,877	146,379	216,498
1918.....	211,853	193,268	18,585
1919.....	237,021	216,231	20,790
1920.....	621,576	428,062	193,514
Total.....	5,064,627	2,854,650	2,209,977

Table 2 is shown in order that the number of agriculturists coming to this country may be compared with the total alien arrivals of all classes.

TABLE III.—*Number of agriculturists who left the United States for Canada during the fiscal year, 1920, stating they did not intend to return within one year.*

	Farm Laborers.	Farmers.	Total.
Native born.....	1,120	4,294	5,414
Naturalized.....	704	80	784
Alien residents.....	729	100	829
Total.....	2,553	4,474	7,027
Alien agriculturists from Canada.....	2,166	5,054	7,220 Loss 193

Table 3 shows the total number of farmers and farm laborers who left the United States for Canada during the fiscal year 1920, not intending to return within one year (statistical data are not gathered showing the number leaving for short or temporary periods) and it is of interest to note that out of a total of 6,680 United States citizen agriculturists who left this country last year 6,198 went to Canada.

The total number of alien farmers and farm laborers coming from Canada for permanent residence is also shown with an apparent loss to this country of 193. However, while there are figures available showing the number of citizen farmers leaving this country there are none showing their return, which many, undoubtedly, did, and were the number known our loss would, no doubt, be changed to a gain.

TABLE IV.—*The race of naturalized citizens, agriculturists, who left the United States during the twelve-month period ended June 30, 1920.*

Race.	Farm Laborers.	Farmers.	Total.	Race.	Farm Laborers.	Farmers.	Total.
African Black.....	11	3	14	Magyar.....		4	4
Bohemian and Moravian	2	2	4	Polish.....	1	6	7
Bulgarian, Serb. and Mont.....		2	2	Portuguese.....	2	4	6
Croatian and Slovenian		4	4	Russians.....	6	29	35
Dutch and Flemish....	4	34	38	Ruthenian.....		2	2
English.....	6	115	121	Scandinavian.....	38	343	381
Finnish.....	5	3	8	Scotch.....	5	67	72
French.....	9	45	54	Slovak.....		5	5
German.....	8	79	87	Spanish.....	1		1
Hebrew.....		4	4	Spanish American....		1	1
Irish.....	4	40	44	Welsh.....		3	3
Italian, North.....		4	4	West Indian, except Cuban.....	44	58	102
Italian, South.....	4	6	10	Other peoples.....	1	29	30
				Total.....	151	892	1,043

TABLE V.—*Race of native born agriculturists who departed from the United States during the twelve-month period ended June 30, 1920.*

	Farm Laborers.	Farmers.	Total.
African, Black.....	4	7	11
Caucasian.....	1,142	4,457	5,599
Chinese.....	2	22	24
Japanese.....		3	3
Total.....	1,148	4,489	5,637

Tables 4 and 5 show the race of naturalized and native-born citizen farmers and farm laborers who left the United States last year. The figures presented under this head are of particular interest in that they show that out of a total of 6,680 departures 5,381, or eighty percent, were farmers or farm managers, whereas out of a total of 60,465 alien agriculturists arriving but 17,770, or thirty percent, are classed as such.

A few states, notably, Arizona, Texas, California, Colorado, and Idaho, were considerably benefited through immigration during the

past fiscal year, chiefly by the importation of Mexican labor for agricultural purposes under certain exceptions to the Immigration Laws made by the Department of Labor. Arizona leads with a gain of 7,258 over departures, Texas follows with 4,070, then comes California with 1,444, Colorado 1,402, and Idaho 553. Some of the Eastern States also show quite a surplus over departures, Connecticut has 673 to its credit, Massachusetts 1,944, Rhode Island 487, New York 1,756. The Southern States, with the exception of Florida, which shows a gain of 524 due to the inward movement of colored labor from the Bahamas, are scarcely affected by either immigration or emigration. Along our Northern boundary, Washington with a gain of 890, and Michigan with 629 are the chief beneficiaries. Our Central States show gains of from one to three hundred. But three States show losses by emigration, namely, Pennsylvania 969, Ohio 824, and Mississippi 9.

CHANGE OF ADDRESS.

In order to insure delivery of the JOURNAL OF FARM ECONOMICS, any change in post-office address made by members of this Association should be sent promptly to J. I. Falconer, Secretary-Treasurer, College of Agriculture, Columbus, Ohio. By giving attention to this item it will be possible to keep the mailing list up to date.

FARM LABOR EXPERIENCE OF THE EMPLOYMENT SERVICE OF CANADA.¹

BRYCE M. STEWART,

OTTAWA.

In 1918 the Parliament of Canada passed the Employment Offices Coördination Act which charged the Minister of Labor with the duty of aiding and encouraging the organization and coördination of employment offices and promoting uniformity of methods among them; of establishing clearing houses for the interchange of information between employment offices and of compiling and publishing employment statistics. The act set aside certain moneys to be divided among the various provincial governments pro rata with their expenditures on the maintenance of employment offices. These grants were made conditional upon an agreement between the Federal and Provincial Governments as to the general plan to be followed by the provinces in the administration of their employment services. Under this legislation a nation-wide system of seventy-five employment offices has been established by the Dominion and Provincial Governments in co-operation, and placements are being effected at the rate of 400,000 annually. On a population basis the equivalent of this in the United States would be a system of 1,000 offices making 5,000,000 placements.

From the standpoint of agriculture as well as of industry Canada falls into four areas. In the Maritime provinces mixed farming is followed in the main with cross-sections of fruit farming in Nova Scotia and potato farming in New Brunswick. In this area the farms are usually not large. The crops come in fairly regular rotation and there is no sharp peak of farm labor demand. In Ontario and Quebec mixed farming is also the rule although there has been a considerable specialization in dairy farming, and the Niagara District of Ontario is almost entirely devoted to fruit growing. In these provinces there is a fairly constant demand for farm labor the year round, especially in Ontario, which is accentuated during the spring seeding and at harvest time. The methods of securing women workers for fruit

¹ Remarks pertaining to the Farm Labor Problem given at the Eleventh Annual Meeting of The American Farm Economic Association, December, 1920.

picking in the Niagara district from all parts of Ontario and not infrequently from other provinces and of housing them in camps constitute an interesting chapter in the experience of the Service to which I can make only this brief reference. In the Prairie Provinces of Manitoba, Saskatchewan and Alberta, grain growing is the principal occupation. The Employment Service has to meet a very considerable demand for farm workers at seeding time and the supplying of the many thousands of workers required to harvest the wheat crop of these provinces is an undertaking of first-rate importance. The province of British Columbia on the Pacific coast is not predominately agricultural but there are many fertile sections devoted to fruit growing and the securing of fruit pickers is an important function of the Employment Service in that province.

Professor Lescohier has just indicated that the grain harvesting problem of the United States arises in an area stretching from Texas and Kansas at the south, northward to the Dakotas. Workers are recruited within the area itself and are brought in from territory east and west. In Canada the area runs east and west and the workers are brought in at the ends instead of at the sides as in your country. This is a more difficult problem of distribution and involves long hauls all the way from the provinces on the Atlantic in the east and from the Pacific coast on the west.

In July farmers in the western wheat area begin to register their harvest labor demands at the Government Employment Offices and on the basis of these demands, the acreage sown and the crop reports, a fairly accurate estimate of the harvest labor requirements is made. This estimate is communicated to the central headquarters of the Employment Service at Ottawa where a conference is held with the heads of the passenger departments of the two trans-continental railway systems and plans are laid for the annual harvest excursions by means of which the labor not available locally is supplied to the West. All the excursion trains are destined to Winnipeg, where the Western Clearing House and the heads of the Employment Service in the three grain-growing provinces make provision for the distribution of the excursionists to the farms. Temporary employment offices are established at the railway depots and the Employment Service representatives are in daily telegraphic communication with their local offices throughout the grain area. The excursionists are referred to the vacancies listed at these temporary offices and are given transportation from Winnipeg to destination at the rate of one half cent per mile. By this system harvest help is distributed in accordance with requirements. In the old days localities competed with one another

for a supply of the imported labor and frequently their needs were overstated; some districts were oversupplied, while others were undermanned, and thousands of men were compelled to trudge long distances over prairie trails in search of employment. In this way many workers earned but little and in the years of greatest maladjustment there were heavy dead-head movements on the railways toward the east and into British Columbia.

As to the dimensions of this harvest labor movement the total demand for workers registered with the Employment Service in August last was 60,000 and of this number approximately half were required for the western harvest. The number of workers placed during the month was 50,000 and the remaining 10,000 were secured in the first week in September. The number of persons despatched from the East on the harvest excursions was 28,228. A few thousand harvest hands were also secured in the coast cities of British Columbia and despatched eastward to the grain area.

An employment service provides the organization with which the farmer can register his demand so that the farm labor requirements may be known by localities. This is a prerequisite of any intelligent effort to supply the labor required. A nation-wide employment service is able to mobilize the local reserves of labor into a national reserve which can be drawn upon at any point. It can comb the cities to meet any heavy farm labor demand. It inspires the confidence of the worker and makes him more willing to accept distant employment since he knows that all information available is given him without bias. The service cuts down the time lost by workers between jobs and this helps both the farmer and the farm hand. In the spring of 1920 the Employment Service of Canada established temporary offices in some of the large lumbering districts of the West and as the workers were released from the lumber camps after the winter's work, they were despatched direct to farmers who had asked for labor for the spring seeding. The men saved the time and the farmer got the help much earlier. It requires only 5,000 hands placed on farms ten days earlier than usual to give 50,000 days additional labor to the farmers and at the same time 50,000 days additional wages to the workers.

There are, of course, many other considerations—questions of wages and hours on the farm, accommodations for single men and housing for married couples, the lack of companionship and recreation and of any promise of advancement to farm ownership, the extent to which improved farm machinery can take the place of labor, etc. It may be that men want to make a living shoulder to shoulder and that the crowded city is just the modern counterpart of the prim-

itive hunting horde—something bred in us for ages that we cannot easily discard. Perhaps the returns from agriculture are not such as to enable farmers to compete successfully with urban industries for labor. It may be that nothing short of a new industrial revolution, in which widely-distributed electric power and motor transport will disperse industries over the country, will serve as a corrective of the present concentration begun with the industrial revolution of the steam engine. The farm labor problem is too complex to be met by any single expedient, but in Canada we believe that a well-organized employment service will make an important contribution to a better understanding of it and will do much to relieve its pressure.

NEAR EAST RELIEF.

A meeting was held in Washington recently for the purpose of organizing an agricultural advisory committee composed of representatives of farm organizations to confer and advise with the Near East Relief as to plans and methods of reaching the farm constituency of the United States with the appeal for contributions on behalf of the starving and destitute orphans and refugees in the Near East. Senator Arthur Capper of Kansas was appointed as chairman of this committee. In this connection it is of interest to note that several organizations of farmers have conducted commodity campaigns for the benefit of the Near East Relief. Members of the American Farm Economic Association who were in attendance at the last annual meeting will recall the fact that the needs of the Near East Relief were presented on this occasion and the work of the latter organization was endorsed by our Association.

FUNDAMENTALS OF COÖPERATIVE MARKETING.¹

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It is with some hesitancy that I attempt to treat with a so-much-discussed topic as is the "Fundamentals of Coöperation." Although one can hardly take the position that the last word has been said on the subject, certainly enough has been said to establish some generally accepted principles as a guide to coöperative action. I assume, however, that the generally accepted of the fundamental principles of coöperative marketing are matters of common knowledge to the members of this audience. For that reason I propose not to discuss the usual of this topic, but rather I shall confine my remarks to two considerations of coöperative marketing which I believe to be of primary importance and, at the same time, little appreciated, especially by members of coöperative marketing associations.

The first principle that I wish to discuss is the economic position of coöperative endeavor in our present marketing system. I am firmly convinced that a better understanding of the marketing functions which coöperation is best suited to perform, together with a better appreciation of the relationship of these functions to the marketing system as a whole would place our coöperative movement on a firmer basis for a sturdy and more permanent growth.

Without doubt one of the causes for so many failures among coöperative undertakings is the lack of appreciation on the part of those engaged in the undertaking, as to the functions which the organization may reasonably be expected to perform. Too often the prospective member is encouraged in his belief that the mere act of coöperating will do away with all the imperfections of our present marketing system. In too many instances he has been promised results that the most successful of coöperative enterprises could not hope to bring to pass. Many a promising coöperative enterprise has failed because its members expected the impossible.

In order to discuss the marketing functions best suited to coöpera-

¹ Paper read at the Eleventh Annual Meeting of the American Farm Economic Association, December, 1920.

tion, it is essential that they be considered in the light of the functions performed by our marketing system as a whole.

A brief digression is necessary for the purpose of enumerating and classifying the usual marketing functions which are encountered in the market distribution of practically the whole of our food products. In my estimation these functions which go to make up our present marketing system are the results, primarily, of four important and elemental conditions. Conditions which in all their commonplaceness cannot easily be changed, and which must receive due consideration in plans for marketing improvement or the setting up of new marketing institutions and machinery. These conditions may be enumerated as follows:

(A) The first of these conditions has to do with the wide sources of production of our food products. Few people realize the extent to which the distance between producing and consuming centers dictates marketing procedures. In order to emphasize to students in marketing classes the importance of considering the sources of food supply in its relation to the problems of market distribution, it has been the custom of the writer to require each member of his classes to list the food items which the member consumes on a single day and to list opposite each item its principal source of production. Not long ago, a class of twelve handed in such a report, and the sources of the food products consumed by the members of this class on a single day came from twenty-eight separate states of the Union and thirteen foreign countries. It may conservatively be said that the average city dweller consumes during his normal three meals a day, food products which come from at least three or four states of the Union and one or two foreign countries. The source of our food supply is limited only by the habitable portions of the globe. If this be true, one can readily see that some agency or agencies must assemble the products at widely scattered local shipping points, transport them to wholesale and terminal markets where they are assembled and, in addition, some agency must distribute them for final consumption.

(B) Now let us pass on to another fundamental condition. I refer to the fact that most of our farm products in the United States are harvested within three months of the year and consumed during a twelve-month period. This means that at least three fourths of this produce must be stored for a longer or a shorter period of time. This condition requires a storage service, a financing service, and a risk service, all of which services involve a cost.

(C) A third consideration is that nature does not turn out her products in such quantities and of such qualities as are suitable for

efficient trade practices. To meet these demands, a grading and a standardization function must be assumed.

(D) As a fourth fundamental factor which greatly complicates our marketing system I refer to the manufacturing processes which intervene between producers and consumers. Fully 90 percent of our food products change form from the time they leave the farmer's gate until they reach the consumer's table. They must go through a manufacturing process. A farmer wishes to sell wheat by the wagon load, or by the carload. He wishes to sell a steer, or a carload of steers. He wishes to sell cotton by the bale, or number of bales. But the consumer does not care to purchase wheat by the wagon load, or the carload. He doesn't want wheat at all, in most cases. He doesn't even want flour. It is bread and bakery products that he purchases. Here the raw commodity is twice transformed. In the case of meats, the consumer does not care for a whole beef critter, rather he wants a pound of porterhouse steak. It requires a complicated manufacturing process to transform a live steer into porterhouse steaks. In the case of cotton, certainly the housewife does not want raw cotton; she wants three yards of muslin, a product transformed by a number of manufacturing processes.

Now I have mentioned four fundamental conditions which cannot well be changed:

- (a) Great distances between producing and consuming centers.
- (b) Seasonal production with continuous consumption.
- (c) Production of ungraded commodities while consumption demands standardized commodities.
- (d) Manufacturing processes which intervene between producer and consumer.

Because of these four fundamental conditions, there are certain marketing services or functions which must be performed in the distribution of practically the whole of our food products. These services may be classified roughly as follows:

- (1) Assembling at local shipping point.
- (2) Standardization, grading, and packing.
- (3) Storing and warehousing.
- (4) Transportation, delivery, and cartage.
- (5) Assembling at terminal markets.
- (6) Manufacturing and processing.
- (7) Financing and the assumption of risks.
- (8) Distribution for final consumption.

Market your foods as you may. You will find that someone or other must perform practically the whole of these services. Some of them may be performed a number of times; some of them performed only once; some of them may be performed by one individual or organization; while in other cases the same organization may perform a number of these functions. Eliminate the middleman. Legislate him out of existence, yet it will be found that the above services will remain with all their old-time importance.

Now to return to the point under discussion: Which of the above services are best adapted to coöperative action? Coöperative associations may eliminate some of the agencies which perform the above services, but coöperation does not eliminate the service; for the most part it substitutes one type of business organization for another type. The first question is, "Can it bridge the whole gap?" Certainly that is the goal of consumers' coöperation. The Coöperative Wholesale Societies of Great Britain are reported to have bridged the space between producer and consumer in a small way, in two commodities—wheat and tea.² As for the growers' marketing associations in America one can say that if the performing of all the above functions is the goal, it is an ambitious program. I shall not hazard a prophecy on future possibilities, but I can say without hesitation that coöperation in its present stage of development in this country has been most successful in the performance of only those functions which occur in the initial stages of the marketing processes.

For instance, coöperative marketing associations among growers have been the most successful when confined to the first three functions enumerated; assembling at local shipping point; standardizing and grading; storing and warehousing (in producing centers). They have also been successful in those manufacturing enterprises, in those cases where the manufacturing is among the initial steps in the marketing procedure, and which at the same time can be economically done in producing districts. Canning factories, cheese factories and creameries are representative types of manufacturing processes which fulfill these qualifications. To recognize the limitations of coöperation in its present stage of development is to place it upon a firmer foundation, and to promote a sturdier growth.

As a second consideration I wish to discuss the source of savings accruing to members from successful coöperative action. Coöperative success depends upon a saving to members. From what source does that saving come? Of late there has been much agitation on the

² Sonnichsen, "Consumer's Coöperation," p. 182.

part of growers toward monopolistic control as a price influencing factor. As to monopolistic action, I shall dismiss its consideration with the prophecy that the prosperity of coöperative organizations which is based upon monopolistic control of prices will be of short duration. Monopolistic action—concentration of efforts—for the purpose of effecting economies, and which at the same time does not impair the public welfare by the undue enhancement of price is to be commended. Monopolistic action which does unduly enhance price is to be condemned.³

It is a common contention that the purpose of coöperation is the elimination of private profits, and that it is upon private profits that coöperative action is to feed. In my judgment, marketing success, whether private or coöperative, will come through efficiency in the performance of services rather than through the elimination of private profits. An analysis of marketing margins tends to show that by far the largest portion of the margins is composed of expenses rather than profits. To be sure, true coöperation does eliminate private profit, but this elimination is only an incident and not a major factor in the success of most coöperative effort.

It is to be regretted that so many coöperative organizations are promoted on the pretense that enormous savings are to be made by the elimination of private profits. I am no defender of private profits, yet I am convinced that coöperation which does no more than eliminate private profits is on the high road to starvation for want of nourishment. To be sure many a successful association has been organized—and justly so—because of undue profits of private interests. But the mere existence of a successful coöperative association tends to reduce these private profits to a minimum. Yet the associations have continued as successful organizations even when their competitors were making a bare living wage. Why did they continue to succeed? Because they embraced the opportunity afforded by their assured patronage and their large volume of business, to adopt more efficient merchandizing methods than their competitors were in position to adopt. By efficient merchandizing methods, I refer to such practices as grading and standardizing, adoption of brands and trade marks, and the advertising of these brands and

³ The original Capper-Volstead bill—now pending—recognizes as lawful, monopolistic action on the part of farmers' associations, where such action is exercised in the interest of efficiency, and for the purpose of effecting economies. This is a commendable provision. It is hoped that it will be enacted into law.

trade marks for the purpose of widening the market. Shipping and dealing in large lots, and the furnishing of a continuous supply of a continuous quality. In other words, taking advantage of every opportunity afforded by present-day marketing demands.

Again I state, successful coöperatives are successful for the most part by reason of the fact that they have excelled their competitors at the game of business efficiency. Coöperation works no miracle. As I see it, coöperation is a straight business proposition. Its prosperity is based upon the economics accruing from a combination of interests—a concentration of industry.

In a word: The permanence of coöperative action lies in giving the services of a private enterprise plus. This plus has never yet in any large measure come from monopolistic advantages nor by the elimination of profiteering. It has come from newer and better methods, large scale operations at a less cost per unit, and by an understanding of the present marketing system as it exists and taking advantage of it.

ANNOUNCEMENT.

At the annual meeting held in Washington, D. C., on January 1, 1921, it was voted by the Association that membership fees should be payable in advance. This is the usual practice with those associations which publish a journal. The initial membership will now date from the time of payment of dues. The January, 1921, issue of the JOURNAL will be sent to all members of the Association. Future issues will be sent only to those who are in good standing. If you have not already paid your 1921 dues (\$2.00), you should do so at once so that you may receive the April issue.

J. I. FALCONER,
Secretary-Treasurer,
 College of Agriculture,
 Columbus, Ohio.

THE CHOICE OF CROP ENTERPRISES BASED ON RETURNS FOR LABOR.¹

PROFESSOR ANDREW BOSS,

UNIVERSITY OF MINNESOTA.

Farm management investigations have been conducted now for something over twenty years. During that time quite a mass of material on cost accounting has been published. Some is now being published on farm organization, and other phases of farm management. I have been more and more impressed during the past years, however, with the fact that although this material is in at least fairly good shape for giving instruction to college classes and for study for investigators, there is not much in it that the farmer can actually use by himself in organizing and operating a farm. It is difficult for the farmer to take any one of these bulletins, analyze it, and apply the findings to his line of work. For that reason I feel that we have not been successful as farm management investigators in getting the ideas of farm management over to him to the point where he can make use of them in his business.

Our next step is to get over to the farmers the salient features of our farm management investigations, and this is not an easy thing to do. Farm management, as such, is a hard subject to sell to the farmers. The farmer is too busy and too much accustomed to routine to change his methods easily. He does not want to change his methods any more than we do. I find in my office work that after I have developed a certain routine it is hard to switch off and to adopt new ideas, and unless I watch myself I soon drop into the old channels. After a farmer has his work mapped out, and after he has followed a certain line of crop or livestock raising a number of years, he is reluctant to change unless shown good reason for it. You have to hit him hard, and with something that will stick if you are going to get him to make a change. To sell the farmer anything in the line of farm management a salesman has to talk a little, he has to work a good deal, and he has to wait a long time. The farmers' interest must be bought by presenting attractively something he can and will use.

¹ Address given at conference of Farm Management Demonstrators, Washington, D. C., June, 1920.

The farmer will listen to the sound of money quicker than to anything else, and it is for that reason that we usually approach him from the business standpoint. Ask him if he wants to make one hundred dollars, and he will immediately become interested; but ask him if he wants to buy a better cow, and he will say "No, I guess the old one will do." If you can approach him through the prospect of making more money, you get a great deal more interest and more thoughtful attention. Profitable production is the farmer's chief concern. He is interested in knowing how to make enough out of his farm to live on and to enable him to procure a reasonable amount of the comforts of life.

The choice of crop enterprise is one way of getting the farmer's attention. I tried this out at our Farmers' Conference during the Short Courses in the College in January. I took this means of presenting to them some features of the market,—a matter which the farmers study very little—and the relation of the market to the profits from their cropping enterprises. I also took this opportunity to bring out some of the facts relative to cropping systems in Minnesota. This is an illustration of what can be done under certain circumstances, and of how it seems possible to get access to the farmers' thought and consideration through some such means. It is with this view of getting hold of the farmer that I want to discuss certain points with the thought that, possibly, together we can work out some way of getting such subjects before a few interested farmers or farm audiences.

1. The choice of crops in most cases is determined by no single consideration but by a number of closely related considerations. Among these are soil type, climate, topography, markets and transportation.

There is no one thing that determines the choice of crops. A good many farmers grow certain crops because their neighbors grow them. Ask them why they grow certain crops, and they will say "The crop thrives well, and we seem to make money on it." As a matter of fact, a good many things enter in. Soil type and climatic conditions determine very largely what a person can grow or cannot grow in a locality. That has been found out by experience over a long period of time. Farmers do not need very much argument to help them decide what crop generally, over any period of time, it is best to grow. Sometimes they make mistakes and have to change their crops. They go gradually from one thing to another, as they are not keen in taking plunges. If they feel a certain line is unprofitable, they may work another line and it may do better.

2. The primary consideration in the mind of the farmer in choosing farm enterprises is the annual return for his labor.

He is interested in what he is going to get at the end of the year from each of his crops, from his livestock and from the year's work on the farm.

3. The total annual return for labor is gained from labor distributed in small quantities over a long period of time and over many farm enterprises. Some of these may not be directly profitable but must be included to support other enterprises that are profitable.

The farmer may be growing a certain crop which we can show him he is growing at a loss when all the factors are considered, but in his situation it is wise for him to grow it for the reason that his business would not be complete without it. Some crops are grown at a low return for the labor expended, but they cannot very well be dispensed with, but these enterprises are always brought back and sandwiched in between those that pay well enough to absorb the losses. The farm management adviser would like to have the farmer eliminate from his farm business those enterprises giving low returns for labor which prevent him from carrying on more remunerative enterprises. It is all right to work for a low price if there is nothing else to do; it is better to be working for a low rate than not to be working at all, but it is a poor business policy to expend very much labor on an enterprise that pays low returns when a higher return is available.

4. So far as possible, the farmer should eliminate from his farm enterprises those which frequently give low returns for labor or that prevent him from performing labor on enterprises that would be more remunerative.

5. It is difficult to find a satisfactory basis for determining which are the most profitable farm enterprises. Where the farm is large enough to furnish employment for the farmer and his family for practically full time, *profits* or *wages* per hour may be used as such a basis. While this consideration alone does not determine the question, it is suggestive and valuable as a study of probable returns.

6. A study of returns per hour of labor becomes possible where the approximate cost of production can be determined and hours of labor required are recorded or known.

7. The exact cost can be determined only where accurate cost records for the individual farm are kept. That there is great variation in cost of production between farmers carrying on the same type of farming and conducting the same enterprises has been amply shown in reports by the Office of Farm Management in recent studies of the cotton and tobacco crops.

This is where I have to break away from what would be the correct usage or the correct method and adopt one which is only approximately correct. I did not think it best to take one of our individual farms and show the cost of this farm over a period of years for each of these crops. In the first place not all the crops are grown on each farm, and in the second place it might not be at all a fair figure to use because on any farm I might take for that time the costs could easily be very much above or below bulkline costs on certain crops. I might have taken a community, but I had no data from a community large enough to be satisfactory. Therefore, I adopted the approximate method of taking the figures from the census for the state as a whole.

8. Studies of average costs and of individual costs as recorded in the various researches now being made give a basis for estimating the probable returns for labor in states, communities and on individual farms.

9. As an educative process these should be made use of by farm management demonstrators as a means of "selling" improved enterprise combinations to farmers.

The report of the farm management survey, recently made on cotton and tobacco crops by the Office of Farm Management of the Department of Agriculture, shows a wide variation in costs even in the same community, and more in different communities. From such data it will be possible to find in any community the men who are producing more economically than the rest of their neighbors; whether or not the other neighbors could do the same thing, and whether it would be wise for them to do it. We may find the men who are efficiently producing certain crops or conducting certain enterprises, study their methods, and try to combine the efficient methods of the different farmers into a good farm organization plan for most of the farmers in the community.

10. The attached tables (which see) give the results of a somewhat crude study of the comparative returns for labor expended on crop enterprises in Minnesota as a whole for the decade 1910-1919.

11. The figures on production are taken from the United States Department Yearbooks. The figures on cost of production are from data gathered on the statistical routes as reported in Bulletins Nos. 145 and 179 of the Minnesota Experiment Station.

As far as the rate for the horse labor is concerned, the figures are taken directly from the bulletins. The bulletin includes no data later than 1917. The data for 1918-1919 are corrections from these tables

A study of returns for man labor expended on crop enterprises in Minnesota.
SPRING WHEAT.

Crop.	Year.	Acreage.	Production, Bushels.	Yield per Acre, Bu.	Price per Bushel Dec. 1.	Value per Acre.	Cost of Pro- duction Less Man Labor.	Net Returns per Acre.	Hrs. of Man Labor.	Returns per Hr. of Man Labor.
Spring Wheat	1910	5,880,000	94,080,000	16.0	.94	15.04	10.33	4.71	12.3	.38
	1911	4,350,000	43,935,000	10.1	.92	9.27	10.33	-1.04	"	-.09
	1912	4,325,000	67,038,000	15.5	.73	11.32	10.33	-.99	"	-.08
	1913	4,150,000	67,230,000	16.2	.76	12.31	14.71	-2.40	"	-.20
	1914	4,000,000	42,000,000	10.5	1.02	10.71	14.71	-4.00	"	-.33
	1915	4,250,000	72,250,000	17.0	.90	15.30	14.71	-.59	"	-.05
	1916	3,650,000	26,645,000	7.3	1.66	12.15	14.71	-2.56	"	-.21
	1917	3,230,000	56,525,000	17.5	2.02	35.35	14.71	20.64	"	1.68
	1918	3,730,000	78,330,000	21.0	2.04	42.84	21.59	21.25	"	1.73
	1919	3,804,000	34,236,000	9.0	2.50	23.25	21.59	1.66	"	0.14

CORN.

Crop.	Year.	Acreage.	Production, Bushels.	Yield per Acre, Bu.	Price per Bushel Dec. 1.	Value per Acre.	Cost of Pro- duction Less Man Labor.	Net Returns per Acre.	Hrs. of Man Labor.	Returns per Hr. of Man Labor.
Corn	1910	1,724,000	56,375,000	32.7	.45	14.72	10.84	3.88	26.2	.15
	1911	2,200,000	74,140,000	33.7	.53	17.86	10.84	7.02	"	.27
	1912	2,266,000	78,177,000	34.5	.37	12.76	10.84	1.92	"	-.07
	1913	2,400,000	96,000,000	40.0	.53	21.20	15.00	6.20	"	.24
	1914	2,600,000	91,000,000	35.0	.52	18.20	15.00	3.20	"	.12
	1915	2,700,000	62,100,000	23.0	.62	14.26	15.00	-0.74	"	-.03
	1916	2,520,000	84,420,000	33.5	.80	26.80	15.00	11.80	"	.45
	1917	3,000,000	90,000,000	30.0	1.10	33.00	15.00	18.00	"	.69
	1918	2,750,000	110,000,000	40.0	1.11	44.40	24.20	20.20	"	.77
	1919	2,950,000	118,000,000	40.0	1.20	48.00	24.20	23.80	"	.91

TEN-YEAR AVERAGE.

Crop.	Acreage.	Production, Bushels.	Yield per Acre, Bu.	Price per Bushel Dec. 1.	Value per Acre.	Cost of Pro- duction Less Man Labor.	Net Returns per Acre.	Hrs. of Man Labor.	Returns per Hr. of Man Labor.	No. Returns.
Barley.....	1,351,300	33,022,200	24.41	.746	18.21	14.63	3.58	12.8	.28	2 years
Corn.....	2,511,000	86,021,200	34.26	.72	24.67	15.59	9.08	26.2	.347	1 year
Oats.....	335,600	3,040,900	9.05	2.28	20.63	15.54	5.09	13.7	.371	2 years
Flax.....	3,085,400	103,380,200	33.5	.439	14.71	14.45	.26	13.5	.09	7. "
Potatoes.....	265,700	26,951,500	101.5	.722	73.28	37.21	36.07	44.4	.812	1 year
Rye.....	319,800	5,840,400	18.3	.984	18.01	14.19	3.82	10.3	.37	2 years
Spring Wheat..	4,136,900	58,226,900	14.07	1.35	18.99	14.77	4.22	12.3	.343	4. "
Hay—lame....	1,604,100	2,599,500	1.62 Tons	9.42 per Ton	15.26	10.69	4.57	20.7	.22	1 year

based on the present prices of machinery, labor and the various other factors entering into the cost of the crops. The study of such figures for a single year is futile. It may be valuable as a mental exercise or as an indoor sport, but it does not tell very much. Farm management data should be secured through a long period of time in order to record the variations and extremes. Figures on cost of production for a twenty-year period would be better than for the ten-year period, but the ten-year period will answer for our purpose.

12. Data by years are given for the two most important crops grown by Minnesota farmers, namely, spring wheat and corn, to show the influence of poor yields or low prices on the returns for labor. A summary table showing the average returns from the eight most important crops is also given.

I selected for this purpose the two main crops grown by the farmers in Minnesota (not commonly supposed to be in the corn belt, but corn has become one of the most important crops grown in Minnesota, as far as the value is concerned, and it is becoming important as far as the acreage is concerned). A study by years seems to be absolutely essential to a clear understanding of the problem.

The acreage production of spring wheat has constantly decreased from 1910 to 1917 inclusive. There is a slight increase in 1915 over 1914, but this is held only for one year. In 1918 the acreage was increased as the result of the food production campaign by the Department of Agriculture. The 17.5 bushels yield at the price of \$2.02 in 1917 and the \$1.66 in 1916 probably had a good deal to do with it as well. The increased price in 1914 resulted in the increased acreage in 1915. The price per bushel has something to do with the wheat acreage. For comparison it has seemed best to take the December 1 price right through, though farmers do not always sell their wheat on that date. It usually brings more if held until spring.

13. How often out of ten years can a farmer expect to work on a wheat crop and receive nothing for his labor? The frequency ought to be of some value as an indication. It will be noted that spring wheat has failed to pay any wages whatsoever for labor four years out of the ten. Corn has failed to pay only one year out of ten. Similar studies of other crops show that barley has given no return for man labor two years out of ten, flax two, potatoes one, fall rye two, and hay one. Oats have failed to pay any wage for man labor seven years out of ten.

14. Based on wage rate per hour only, the crops stand in the following order: (1) potatoes, 81.2 cents per hour; (2) flax, 37.1 cents; (3) fall rye, 37 cents; (4) corn, 34.7 cents; (5) spring wheat, 34.3

cents; (6) barley, 28 cents; (7) hay, 22 cents, and (8) oats, 9 cents per hour.

You will note the cost of production is given in three-year periods and then in a five-year period. This is due to the fact that we used figures from bulletin 145 for the first three years, and for the next five years we used figures from bulletin 179, with a correction of 179 for 1918 and 1919. These figures include all of the costs as we customarily determine them, except the man labor cost. That was omitted.

The cost for the use of land, machinery, twine, cost of seed, and general expense is charged in.

The net returns per acre are determined. The hours of labor are taken from bulletin 157, which gives the average requirement of man and horse labor for each of the crops— $12\frac{3}{10}$ hours is the average requirement for wheat. Divide the net returns per acre by the hours of labor, and you have the return per hour of man labor.

The wheat crop during the ten-year period, followed up on the basis of wages per hour shows that wheat in Minnesota as a whole was raised at a loss four years out of the ten and grown for a very low wage rate during 1912 and 1915. In 1912 there was a good yield, better than the average yield for the State, but a low price, which resulted in only 8 cents per hour for man labor. (This brings out the point that if a man has nothing to do, it is better to get 8 cents than nothing at all.) In 1915 there is a good yield, amounting to 17 bushels per acre, but at only 90 cents per bushel. The cost of raising wheat having gone up during this period, the wage rate returned for 1915 is only 5 cents an hour.

There are only three years out of the ten when the spring wheat crop paid what would be considered a fairly good wage rate—38 cents an hour in 1910; \$1.68 an hour in 1917, and \$1.73 an hour in 1918.

The price is better in 1919, with the acreage better than in 1918 but with a lower average yield, which reduces the wage per hour.

One of the things the farmer is always up against, no matter how good a workman he is, is that some uncontrollable factor may come in to upset his calculations and lower his yield, and then only the high price of wheat will enable him to get through with any wage rate at all. Our farmers still have faith in wheat. There are no actual returns as yet for 1920, but our judgment is, and preliminary reports indicate, that there is no serious decrease in wheat acreage this year. It looks like a good wheat year. The shortage of labor, perhaps, had

something to do with the putting in of wheat crops in preference to some other crops which called for more labor. Corn in Minnesota, for the ten-year period, has as good a showing as wheat, with an increasing ratio instead of a decreasing. It may be that the wheat acreage was turned over to the growing of corn. With the increase in acreage, there is an increase in the yield per acre as well. There is almost a constant increase in the price of corn since 1910.

There is only one year out of ten in which corn has paid nothing for the labor, or less than nothing—1915, when we had a yield of only 23 bushels per acre, corn was raised at a loss. In none of the years (excepting 1919) did corn pay as high a wage rate per hour as did wheat in two of the years. Upon referring to the next paragraph of the table, however, you will notice that corn and wheat, as far as the average for the ten-year period is concerned, are right close together, with corn having just a shade better showing. Wheat four years out of the ten gave no returns at all. Corn has become as safe a crop and as profitable a crop in Minnesota (this having nothing whatever to do with the listed figures) as spring wheat. The most profitable crop is potatoes, paying $81\frac{7}{10}$ cents per hour for the labor expended on the crop. Potatoes have a comparatively small acreage in the state—not quite 2 acres to a farm with 156,000 farms in the state. Rye has about two acres per farm. Flax, rye and potatoes are grown in restricted localities and not commonly grown crops on all of the farms of the state. Flax is grown on new land, sometimes on new farms in the timber sections, but not very often. The acreage is decreasing. The fall rye crop is adapted to the state but the farmers generally do not grow it. It is grown through the sandy region, that dries out quickly, during the latter part of the summer. The fall crop is preferred as it can be harvested before the hot weather comes on.

As far as the crop reports are concerned, there are 65,000 acres of winter wheat in Minnesota, which pays 64 cents an hour for labor expended on the crop compared with 37 cents an hour for spring wheat crop for the same years. There is a limited acreage in the most favorable part of the state, but winter wheat can in no sense be compared with the spring wheat area which covers practically the whole two thirds or three fourths of the state, all excepting in the northeastern part of the state.

Oats seven years out of the ten were grown at a loss, giving no wages for the labor expended. Notwithstanding that fact, the farmers are growing a larger acreage of that crop than any other except

spring wheat. As the acreage of spring wheat decreases, the oats increase in spite of the fact that they seem to be the most unprofitable crop of all.

15. On returns per hour of labor it appears that more potatoes should be grown. It would seem that the acreage of potatoes could well be increased at the expense of the oat crop. The labor demand of potatoes is heavy, however, and the crop competes more closely with corn than does oats for the farmer's time. The crop is a perishable one also which cannot be stored indefinitely. For these reasons the potato acreage is likely to be comparatively limited.

The first thing that strikes one if we give credence to the figures is why work for 9 cents on oats if you can make 81 cents on potatoes? Climatic, market and labor conditions, and soil type affect the growth of both crops. Potatoes grow fairly well in most parts of the state, but there are some places where they do better than in others. There is one local area in the northwestern part of the state and another in the northeastern part of the state where potato growing is well developed. In the east central part of the state and immediately surrounding the Twin Cities there is more territory in which potato raising is extensively conducted. The first-named areas are shipping communities, the last two have been developed more particularly to meet the needs of the Twin Cities. Each of these areas is capable of expansion.

On most farms of the state, however, potatoes are grown only on a small acreage and the crop is looked upon as a minor one. The farmers have not realized the possible profits from potato-growing, nor have they equipment for growing potatoes on a large scale at low cost.

The labor demand on a potato crop is heavy. Potatoes compete more closely with corn than it does with oats. This is particularly true during the cultivating season. In addition to cultivating, successful potato growing calls for repeated spraying and other care. This operation interferes both with corn cultivation and hay making. Briefly, most farmers consider that potato raising is a heavy and a troublesome kind of a job, and one that is not so well adapted to machinery use as raising oats or corn, therefore, they hesitate to undertake a large acreage. With the development of machinery for potato raising, with better systems of marketing and more knowledge of the crop, it is altogether likely that potato raising will to some extent replace the oat and other low-profit crops.

Another factor to note regarding the potato crop is that it is perishable, and cannot be carried over, therefore the crop is all marketed

well within the winter season, or it will be lost or used as a feed crop. Potatoes can be grown in almost any part of the state, but it is not a profitable crop in every part of the state, therefore it should be grown as a market crop in those areas where it succeeds best.

16. The practice of Minnesota farmers in growing wheat and corn largely seems to be warranted by the returns received. Some other explanation than returns for labor must be given for the continued growth of the oat crop. The explanation may lie in the demand for oats as a feed crop or to their influence on the livestock industry and the consequent provision of winter employment. It would seem that the flax acreage also could be increased to a considerable extent at the expense of the oat acreage.

A study of the table shows the uncertainty of profits from wheat raising. During the 10-year period, there are two or three years of good yields when prices were high. Fairly good wages were paid for the whole period, but it is not a sure profit crop in all parts of the state. In some parts of the state oats is a surer crop than spring wheat and may pay a higher wage return.

A study of climate, soil and markets is essential in determining what is the best for any community. A study of this kind made in communities would be highly desirable.

In the matter of getting the talking points for farm management among the farmers, we ought to have this by counties, and it seems to me it is the business of the research department to go into the typical counties and get relative costs and returns from various crops so as to know what is best in different communities. I hope out of this suggestion there may come something that will serve to stimulate that sort of inquiry. Cost accounting records in a good many of these localities would be well worth while. Through the help of the farm management research men, through the research department or the extension department, the farm management demonstrator can go into certain typical localities and get data for it and make comparisons by limited localities. I do not think we can at once change the customs or cropping practices of farmers, but such studies will give us a very much better understanding of the crop conditions than we have been able to get in the past, and will give a fund of knowledge that will enable us to go to the farmer with a message that will interest him. If we are able to talk facts that apply to his locality, and if these facts can be built up around the practices of the particularly efficient farmer, the farmer who has made the highest wage rate per hour, so much the better. If that can be made the test for comparison with certain other types of farms, it will be a factor in correcting

farm practices and in developing new combinations of crop enterprises, and possibly livestock enterprises. Just how valuable this information will be, I am not able to say, but I am satisfied from this preliminary study that there is a chance for a much more comprehensive study of the conditions in limited localities, with the chances of getting some very good information that farmers, or at least the farm management demonstrator, can use.

One other point mentioned in 16, flax is one of the well-paying crops, paying 3 cents an hour better than corn or wheat. Notwithstanding that fact, the flax acreage is shrinking. It would seem that the acreage ought to be increased. The reason it is not increased is because the prairie land is vanishing and the farmers have always grown flax on prairie land, and think it can be grown only on such land, notwithstanding the fact that we can get good yields on much of the old land of southern Minnesota. The farmer may be able to handle more acres of flax than of oats because he can spread it over a longer seeding season—can sow from the 20th of April until the 1st of July if necessary, and can harvest it most any time.

17. A study of returns per hour of man labor on crop enterprises should be accompanied by an estimate of the seasonal labor demand by each and of the possibility of supplying it from the labor available. The function of each crop in the farm organization scheme also must be considered in relation to the returns on labor expended on the farm as a whole.

18. It is impossible to determine once for all which will be the most profitable crops or enterprises. Changes in prices for crops make it necessary to change from one to the other, rising land values or fluctuations in rent without corresponding changes in value of products may make it necessary to introduce new crops or change the proportions of the old ones. A frequent study of the economic factors of production and a knowledge of market trends often enable one to take advantage of possible opportunities for profitable production of higher wage returns for labor expended.

REPORT OF COMMITTEE ON FARM ECONOMIC INVESTIGATIONAL WORK, THE AMERICAN FARM ECONOMIC ASSOCIATION.

THEODORE MACKLIN,

UNIVERSITY OF WISCONSIN, MADISON.

SUBJECT OF NATION-WIDE INTEREST.

Farmers and the general public throughout the country are deeply interested in finding answers to their varied economic questions and problems. All of the farmers' national organizations, including the Farm Bureau, are insistent in the demand for facts even to the point of organizing research agencies of their own to assemble and analyze statistical and other pertinent facts. For years agricultural leadership neglected to promote work along this line in spite of its great need. The present situation as reported from 20 states is, that such farm economic facts as have been made available by investigations are utterly inadequate either to meet public demands or appreciably to aid those who must act in trying to stimulate improvement.

A very considerable part of the public unrest at the present time is occasioned by the lack of understanding of the economic forces which underlie the production, marketing and consumption of farm products. Facts which warrant the making of correct economic conclusions and the dissemination of this sort of information do not become available except through careful and thorough investigation, research, and analysis. For these two reasons, if for no others, farm economic investigation is an exceedingly important field of scientific effort. Unfortunately it is a line of work which scarcely has been touched. Constant and rapidly increasing demand is being made by farmers and consumers for facts which are likely to be obtained through no other means than trained investigators of farm economic problems. Your committee, charged with reporting on this subject, therefore has undertaken a survey of the various State Institutions of the country which are most likely to be responsible for promoting this line of effort.

By means of a short, concise, though comprehensive questionnaire,

facts have been gathered from 20 institutions¹ in as many states all of which have some kind of farm economic investigation under way. From 5 states¹ word was received that no work along this line is conducted not because it is not appreciated but because funds are not available. Reports were received from 4 institutions too late to be used, and at least 2 institutions which are developing farm economic investigations either failed or declined to contribute information requested, while the remaining states made no response whatsoever. Presumably this failure to respond is due to a lack of interest in this important field of scientific inquiry. The report of your committee is therefore confined to conclusions based on facts contributed by farm economic workers in 20 states.

PRESENT LIMITATIONS TO ADEQUATE INVESTIGATION.

Farm economic investigators of 20 states reported that this line of work was no more than just started and emphasized that lack of funds and of workers was responsible for the present state of underdevelopment. Tracing the lack of trained men and of funds to their source leads to the fact that agricultural leaders have generally overlooked the business side of farming in their eagerness to promote increased production. More recently, of those who have apportioned funds for this kind of investigation, many apparently failed to realize the time and expense required to collect, analyze and present thorough and helpful economic information. As a result funds of insignificant amount have been set apart for the employment of farm economic investigators and for the support of their activities. Until recent years, therefore, men have not found it worth while to prepare for a field of work in which leaders decreed by oversight that there was no career. At present even where investigators are employed the practise is far too common of overcrowding their program with teaching and other duties which leave little time and energy for application to their investigational projects. These in another form however are evidences of the shortage of adequate funds to develop the creative side of farm economics.

INADEQUACY OF FUNDS FOR RESULTS DESIRED.

Probably few realize the small expenditure which is being made for this kind of work even by institutions which lead in this line. The facts in Table I indicate the averages and extremes in the

¹ See list of states at end of report.

amount of funds devoted to farm economic investigations during the year 1919 to 1920, as reported.

TABLE I. *Funds for farm economic investigations at 16 institutions,² 1919-1920.*

Type of Expenditure.	Average Expenditure,	Range in Size of Fund for Each Item.	
		Highest.	Lowest.
Salaries.....	\$3,522	\$7,412	\$ 900
Expenses.....	2,327	5,650	150
Total.....	5,849	11,260	1,400

It should be emphasized that in most cases salaries represent funds which are not regularly thought of as being devoted to research since they are paid from teaching funds. It is obvious from these figures that little can be accomplished in the way of comprehensive investigation to satisfy the need for improvement in the public's knowledge of farm economic problems until more nearly adequate funds are provided.

For the year 1920-21 only 11 institutions⁴ provided facts. These are shown in Table II. To some extent these indicate increased appropriations. That the usual institution provides a fund so small that not to exceed the equivalent services of two capable men can be devoted to farm economics investigation would certainly justify the conclusion that most states are not providing enough funds to secure results.

TABLE II.—*Funds for farm economic investigations at 11 institutions,³ 1920-1921.*

Type of Expenditure.	Average Expenditure.	Range in Size of Funds for Each Item.	
		Highest.	Lowest.
Salaries.....	\$4,200	\$9,010	\$ 600
Expenses.....	3,400	8,975	270
Total.....	7,600	17,985	1,400

It is interesting to note that six of the leading institutions reporting their expenditures, appropriated more generously in 1920-1921 than they had for 1919-20. A comparison of their allotments for these two years is shown in Table III. An increase of one third

² See end of report for names of institutions.

³ See end of report for names of institutions.

seems to be a hopeful sign though this amount was insufficient appreciably to extend investigational projects.

TABLE III.—*Comparative funds at six institutions⁵ for two years, 1919-1920.*

Year.	Amount for Salaries.	Amount for Expenses.	Total Fund.
1919-20.....	\$4,202	\$2,483	\$6,685
1920-21.....	5,818	3,993	9,811

OUTSTANDING FACTS AND CONCLUSIONS.

Serious consideration of the information presented and of the further fact that the public, including farmers and consumers, demand and require more adequate facts which they propose to secure by enlarging the powers and increasing the funds of the several state marketing divisions must impress the reader with the shortcoming of experiment stations so far as the business side of farming is concerned. Probably half of the states are not promoting any farm economic investigational work whatsoever, while most of the others are supporting it—insufficiently and half-heartedly. It appears to your committee that if the numerous practical phases of farm economic interest suggested by last year's committee (reported in JOURNAL OF FARM ECONOMICS, Volume 2, No. 2, pp. 115 to 118) are to be investigated soon enough and with sufficient speed to help farmers, consumers and the public, that this association should bestir itself to promote a more general interest and a more generous support of its workers and especially of their programs and efforts.

³⁰ States Reporting data in time for use.

California ⁴	Nebraska ⁴
Connecticut ⁷	North Carolina ⁷
Georgia ⁴	North Dakota ⁷
Idaho ⁷	Ohio ⁴
Indiana ⁴	South Carolina ⁴
Iowa ^{4,7}	Tennessee ⁷
Kansas ^{4,7}	Utah ⁴
Kentucky ^{4,7}	Washington ⁴
Michigan ^{4,7}	West Virginia ⁴
Missouri ⁴	Wisconsin ^{4,7}

⁴ States Reporting data too late for use in report.

Illinois
Massachusetts
Oregon
Pennsylvania

⁵ States Reporting data for two consecutive years. (Includes 6 institutions.)

Iowa
Kansas
Kentucky
Michigan
Wisconsin

⁵ See end of report for names.

⁶ Indicates states whose data are tabulated in Table I.

⁷ Indicates states whose data are tabulated in Table II.

EDITORIAL NOTES.

The annual meeting of the American Farm Economic Association was held in Washington, D. C., on December 30-31, 1920, and January 1, 1921. This marked the beginning of the second decade of our Association work. A good attendance was recorded and deep interest was taken in the entire program. The papers and addresses which were presented on the occasion of the Eleventh Annual Meeting will be published in the quarterly issues of the JOURNAL OF FARM ECONOMICS during the current year.

* * *

New officers were elected for the ensuing year at the annual business meeting, which was held at the New National Museum on New Year's day. The work of the Association for 1921 will be under the direction of the following men: President, W. F. Handschin, College of Agriculture, Urbana, Illinois; Vice-President, F. W. Peck, Office of Farm Management and Farm Economics, Washington, D. C.; Secretary-Treasurer, J. I. Falconer, College of Agriculture, Columbus, Ohio.

* * *

At the conclusion of the morning session on New Year's day the Washington members of the American Farm Economic Association entertained the out-of-town members. After dinner addresses were given by the Honorable E. T. Meredith, Secretary of Agriculture; Dr. Richard T. Ely, of the University of Wisconsin; Mr. Gray Silver, of the American Farm Bureau Federation; Dr. Elwood Mead, of the University of California, and Dr. B. H. Hibbard, of the University of Wisconsin. The President-elect, Prof. W. F. Handschin, acted as toastmaster. This social hour was enjoyed by all who had the privilege of participating.

* * *

Prof. W. F. Handschin merits the honor which was bestowed by the membership of the American Farm Economic Association in electing him as president of this organization for the year 1921. In the first place, Professor Handschin has been directing farm organization and farm management work in Illinois for some time; and recognizing the importance of problems in this field, he has been in a position to promote the interests of this Association. In the second

place, the new president believes not only in saying good words for the Association, but he is also convinced that words must be translated into good deeds. On November 30 the former secretary-treasurer of the Association received a letter from Professor Hand-schin with an enclosure of fifty dollars, which was sent in payment of annual dues for twenty-five new members. The editor takes the liberty to quote from this letter: "I shall be glad to continue my efforts to secure additional members, although I think perhaps this represents the large bulk of what I shall be able to obtain until some-time early next year."

If similar results could be obtained by representatives of the Association in twenty or twenty-five States, a very substantial budget would be made available for the current year. The editorial committee could then make plans for a much enlarged issue of the JOURNAL OF FARM ECONOMICS. Voluntary service of the above character will be greatly appreciated this year.

* * *

It has been the policy of this Association to send copies of the JOURNAL OF FARM ECONOMICS to the entire membership regardless of the time when the dues were paid. A change was suggested by the Secretary-Treasurer at the last annual business meeting, and it was voted to adopt a new by-law. In the future copies of the JOURNAL OF FARM ECONOMICS will be sent only to those members who have paid their annual dues in advance. Exception will be made in the case of the January issue of the current year in order to permit the publication of this notice. By adopting this method we are merely subscribing to a regulation that is observed by the Post Office Department.

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Dues and subscriptions should be made payable to J. I. Falconer, Secretary-Treasurer, College of Agriculture, Columbus, Ohio.

FARM ECONOMIC NEWS ITEMS.

Dr. Charles Leslie Stewart, formerly professor and head of the Department of Economics and Sociology at the University of Arkansas, was recently appointed associate agricultural economist in the Office of Farm Management and Farm Economics, U. S. Department of Agriculture. Dr. Stewart will be connected with the Division of Land Economics and will give special attention to problems of farm tenancy.

On December 1, 1920, Mr. Albert B. Genung, formerly farm management demonstrator in the New Hampshire College of Agriculture, was appointed assistant agricultural economist in the Office of Farm Management and Farm Economics, U. S. Department of Agriculture, Washington, D. C. In this new field Mr. Genung will devote his time to placing material of the Office in form for use by farm management demonstrators and other extension workers.

Prof. K. C. Livermore, formerly secretary-treasurer of the American Farm Management Association, which has more recently changed its name to the American Farm Economic Association, has sent the following interesting item: "It is true that I have given up college work. I plan to farm for two years at least and perhaps permanently. An increasing difficulty in maintaining good health was the primary reason for making the change; and, of course, an ever insistent desire to be on the farm was not the least of the other considerations, so I shall be practicing rather than preaching for a while. I know that the game will be more interesting and, I hope, more remunerative as a result of my former training and work."

Prof. H. B. Munger, who has been in charge of farm management work at the Iowa State College of Agriculture, Ames, Iowa, for several years, has decided to give up his teaching and investigational work in order to enter the realm of practical agriculture. We understand that Professor Munger will have charge of the operation of a large farm in New York State. We hope that members of the Association, who are so fortunate as to take up the profession of real "dirt farmers," may find time to contribute some short articles of a practical nature to the pages of the JOURNAL.

Mr. J. N. Lipscomb was appointed professor of farm management and farm economics at the Agricultural College, Mississippi, on January 1, 1921. Mr. Lipscomb took his master's degree at Wis-

consin. After completing this work he spent two and one-half years as county agent in West Virginia, two years as county agent in Mississippi, and one year in farming in Mississippi.

Mr. Byron T. Hunter, of the College of Agriculture, Moscow, Idaho, spent several weeks in Washington during the latter part of December and early in January. Mr. Hunter is engaged in coöperative work with the Office of Farm Management and Farm Economics and the College of Agriculture at Moscow.

The desire of planters and other landowners to put their enterprises on a more profitable business basis has greatly increased the demand for technical service. This is evidenced by the announcement of Stanley F. Morse, Consulting Agricultural Engineer of New Orleans, that he has added two well-known specialists to his staff. His farm economist is D. C. Wood, whose experience in the farm loan business and farm management work in the South and Middle West fits him for handling appraisals and farm efficiency problems. E. W. Thomas, live-stock specialist, is especially experienced with cattle and mules, having been raised on a ranch in Texas. He is familiar with conditions in the South and Latin-America, and speaks Spanish. With this staff the Morse Agricultural Service is equipped more than ever to plan, supervise and manage commercial agricultural enterprises. It already numbers among its clients some of the largest companies in the South and Latin-America.

Mr. Clyde R. Chambers was appointed assistant agricultural economist in the Office of Farm Management and Farm Economics, U. S. Department of Agriculture, on October 1, 1920. Mr. Chambers is a graduate of the University of Minnesota. He served as an instructor in the latter institution during the year 1919. His present position includes work in the Division of Land Economics.

The appointment of Mr. Elmer E. Englebert as junior economist in farm finance in the Office of Farm Management and Farm Economics, U. S. Department of Agriculture, should have been noted in the October issue of the JOURNAL, 1920. Mr. Englebert served in the Army in France and upon completion of duty was one of the university students sent to England, being assigned to the University of London.

G. P. Scoville, formerly farm management demonstrator in New York, has taken up college and station work. C. E. Ladd, a graduate of Cornell University, and who has been engaged in secondary school work in New York State, has taken charge of the farm management work formerly under the supervision of Mr. Scoville.